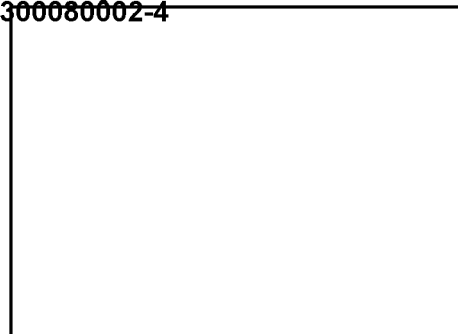




Director of
Intelligence

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National Intelligence Daily

Tuesday
10 April 1979

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The Overnight Reports, printed on yellow paper as the final section of the *Daily*, will often contain materials that update the Situation Reports and Briefs and Comments.

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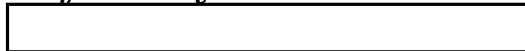
SPECIAL ANALYSIS

IRAN: An Overview



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Almost two months after seizing power, the regime of Ayatollah Khomeini and Prime Minister Bazargan has made only limited progress in getting the country moving. The newly proclaimed Islamic republic still lacks an effective, loyal security force that can confront tribal dissidents and armed leftists. The economy remains mired in chaos, and groups of unemployed are demonstrating in major cities throughout the country because promised jobs have not materialized. A potentially explosive debate is likely to begin soon over the draft of a new constitution.



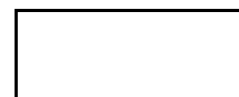
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Bazargan has made some headway in restoring a semblance of normalcy and in persuading Khomeini to avoid criticizing the government in public. Thus far, however, the Prime Minister has been unable to seize the initiative from Khomeini on key issues. Bazargan has admitted that he is powerless to control the activities of the revolutionary committees that still constitute a parallel government. Late last week, he acquiesced in the resumption of executions of political prisoners. Bazargan has hinted that he wants to hold office only until a new government is formed and then retire.

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The government's greatest problem remains the absence of a loyal military force capable of maintaining order. Military decisionmaking is plagued by confusion as revolutionary committees within the armed forces interfere in the decisions of the regular command structure. Bazargan's initial appointees to the posts of supreme commander and defense minister have resigned, in part because of committee interference. The new Defense Minister, 70-year-old Taqi Riahi, has already alienated many by arguing that the purge of the officer corps has

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gone too far. Riahi, who has been out of the military since 1953, is not likely to succeed in revitalizing the military soon. [REDACTED]

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With the regular armed forces in disarray, the revolutionary regime has until now relied mainly on the paramilitary Mujahadin, the principal Islamic terrorist group that fought the Shah's regime. The group, however, has become badly factionalized. Worse, in Khomeini's eyes, it failed actively to support the recent national referendum calling for an Islamic republic. Last week, Khomeini formed the Strugglers of the Islamic Revolution, a new paramilitary group to "safeguard and extend" the Islamic revolution. [REDACTED]

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The government's military weakness has left it unable to suppress the Kurds, who have established de facto autonomy in the northwest. Although Tehran was more successful last week in marshaling a small force to cow temporarily the much weaker Turkomen minority in the northeast, tribal unrest is likely to continue. If the government were to be confronted with simultaneous uprisings in several parts of the country it would be severely tested. [REDACTED]

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The Left

The well-armed left continues to make substantial progress in building its strength but remains divided. Leftist leaders probably recognize that Khomeini still enjoys tremendous popular support, but they seem confident they are gaining adherents among those who oppose a theocracy--especially in the middle class, the most secularized and modernized group in Iran. [REDACTED]

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The left has been aggressively recruiting new adherents while seeking to undermine the government's hold on power. The principal Marxist group, the People's Fedayeen, has supported the Kurds and Turkomen against

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the government. Fedayeen gunmen have participated prominently in women's rights demonstrations and pro-Palestinian marches. The pro-Soviet Tudeh Party now is operating openly in Tehran

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[redacted] Bazargan has criticized leftist activities but appears powerless to do anything about them. [redacted]

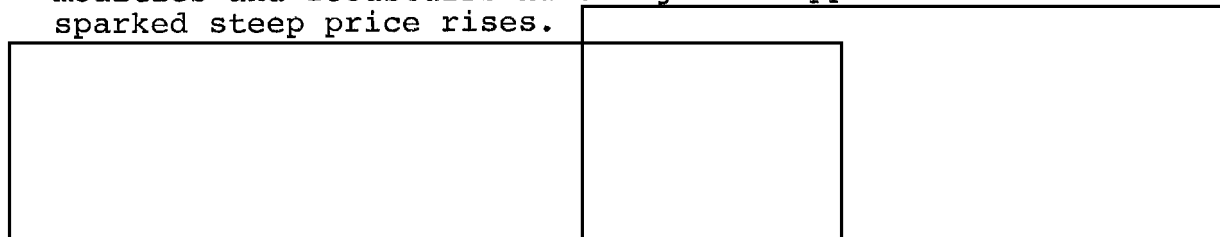
The strategy of the Fedayeen apparently is to keep the government off balance while preparing for an opportunity to seize power by force. The group probably will seek to intensify unrest among the estimated three to four million unemployed. [redacted]

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The Economy

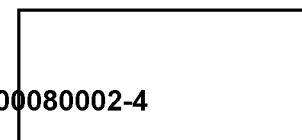
Although oil production for export has resumed and there has been a restoration of some banking activity, industry remains essentially moribund because of recalcitrant workers, shortages of raw materials, and the illiquidity of many businessmen following the lengthy interruption in business activity. Shortages of some commodities and foodstuffs have begun to appear and have sparked steep price rises.

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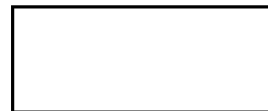


The government bureaucracy has not yet formulated economic policy goals, leaving many projects in a holding pattern. Such planning as exists is being done by two or three of 19 subcommittees set up to act as a planning council. The committees report to the Minister of State for Revolutionary Affairs; he in turn takes recommendations to Bazargan for approval. Once approved by the Prime Minister, the recommendations are passed to the appropriate ministry for implementation. This cumbersome process undoubtedly is delaying both decisionmaking and implementation in the economic sphere. [redacted]

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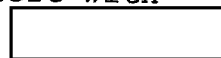
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In both industry and government, executives and workers are inhibited by the influence of revolutionary committees. Managers are avoiding decisions that threaten confrontations with the committees, while many workers believe that inactivity is their safest course. Unless the government decides on its economic policy goals and plans--and, therefore, its revenue requirements--even the critical oil industry will be left without necessary production and export guidelines.

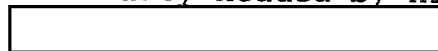
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The Constitution

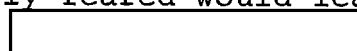
Government spokesmen have promised that Bazargan and Khomeini will make public the draft of a new constitution during the next few days. Bazargan has hinted that an election will be held within the next three months to form a constituent assembly to ratify the new constitution. In anticipation, Khomeini's followers have established a new Islamic Republican Party headed by his longtime aide Muhammad Beheshti.

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The constitution is certain to provoke great debate. The left and the secularists will demand that it include the kinds of liberties and legal guarantees that they have long sought, while fundamentalists will want an institutionalized procedure by which the Islamic clergy can oversee government activities. The tribal minorities, especially the Kurds, are demanding a federal structure to protect their interests--something Iranian governments have traditionally feared would lead to the dismemberment of the country.

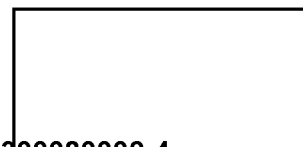
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Much will depend on Khomeini's attitude. If he presents the constitution as divinely inspired and immutable, as many fear he will, there is likely to be widespread unrest. Those who are unhappy with Khomeini's vision of a theocratic state probably will become increasingly inclined to turn to violence.



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OVERNIGHT REPORTS

(The items in the Overnight Reports section have not been coordinated within the intelligence community. They are prepared overnight by the Office of Current Operations with analyst comment where possible from the production offices of NFAC.)


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Zambia-Rhodesia


The US Embassy in Zambia reports that at least two planes--probably Rhodesian--this morning bombed a military headquarters of the Zimbabwe African People's Union 16 kilometers west of Lusaka. 

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COMMENT: *The Rhodesians mobilized their reserve infantry, artillery, and armored units early this month in anticipation of a major ZAPU offensive. ZAPU had built up its forces near Livingstone on the Zambian-Rhodesian border.* 

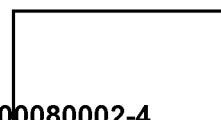
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Jordan-US

Jordan yesterday informed the US that King Hussein officially accepts President Carter's invitation to visit the US on 15-16 May. 

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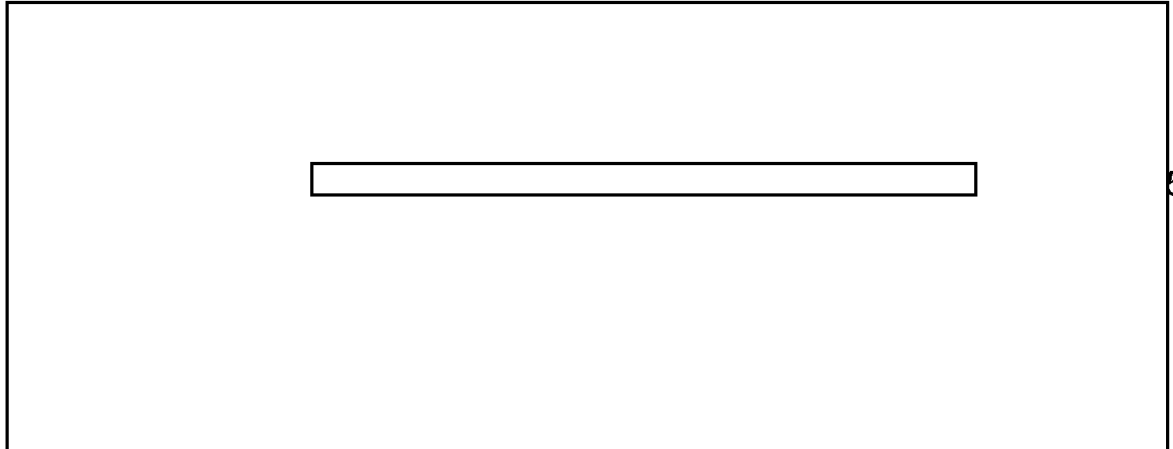


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UK

The Labor Party yesterday officially opened its campaign for the general election on 3 May, and the Conservative Party will do so tomorrow. The US Embassy reports that Labor's goal is to crowd the Tories as hard as possible, goading them into revealing more of their policy plans than they now intend. By doing so Labor hopes to portray a Tory government led by Margaret Thatcher as inevitably wrecking the British economy and social peace. Labor also is convinced of a nationwide popular swing against the EC and will emphasize the need for basic EC constitutional reform. This was a key theme of Prime Minister Callaghan's initial campaign speech yesterday.



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Thailand

The US Embassy in Bangkok reports today that Thai foreign policy has not been--and is unlikely to become--a significant issue in campaigning for the national election of 22 April. Thai political leaders seem largely to approve of Prime Minister Kriangsak's conduct of foreign affairs, and policy statements of the major parties do not reveal substantial differences on the subject. Party representatives have told the Embassy that they see no need for fundamental changes in US-Thai relations.



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Saudi Arabia

Officials of the Venezuelan Foreign Ministry, as well as the Saudi charge in Caracas, have told the US Embassy that Saudi Crown Prince Fahd will visit Venezuela late this month as part of a tour that also will include visits to Brazil and Argentina. One task for Fahd presumably would be to sound out new President Herrera, who has generally endorsed the Egyptian-Israeli peace treaty. Fahd was hospitalized in Madrid late last month, and latest word available to the US Embassy in Jidda is that he is not due back in Saudi Arabia for another six to eight weeks. 

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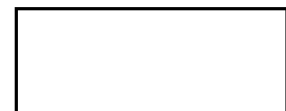
Ireland-China

Dublin's daily newspapers yesterday asserted that an exchange of ambassadors between Ireland and China is in the offing. The US Embassy has learned 
 that Foreign Minister O'Kennedy briefed selected newsmen on that subject Saturday. He said that the government had decided to establish diplomatic relations with China once negotiations on certain technical arrangements end. The Irish hope to have some sort of "presence," most likely a charge, in Beijing by 1 July, when Ireland assumes the presidency of the EC.


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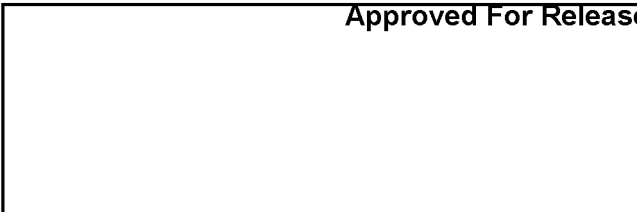


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